(9)

No. 89-1909

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1990

FEIST PUBLICATIONS, INC.,

Petitioner

v.

RURAL TELEPHONE SERVICE COMPANY, INC.,

Respondent

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

BRIEF FOR PETITIONER

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QUESTION PRESENTED

Does the copyright in a telephone directory by the telephone company prevent access to that directory as a source of names and numbers to compile a competing directory, or does copyright protection extend only to the selection, coordination, or arrangement of those names and numbers?

LIST OF PARTIES AND RULE 29.1 LIST

There are no parties to this proceeding not revealed by the caption.

Feist Publications, Inc. has no parent company. Feist Publications, Inc. owns 79 percent of Feist Management, Inc. There are no other subsidiaries.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

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OPINIONS BELOW

The opinion of the Court of Appeals for the Tenth Circuit is not reported. It is reprinted in the appendix to the Petition for Certiorari filed herein, pp. 1a-4a.

The opinion of the United States District Court for the District of Kansas is reported at 663 F.Supp. 214 (D. Kan. 1987), and is reprinted in the appendix to the Petition for Certiorari filed herein, pp. 5a-18a.

JURISDICTION

On March 8, 1990, the United States Court of Appeals for the Tenth Circuit entered its Order and Judgment affirming the determination of the District Court. No petition for rehearing was sought. The Petition for a Writ of Certiorari was filed in this Court on May 29, 1990, and was granted on October 1, 1990.

The jurisdiction of this Court to review the judgment of the Tenth Circuit is invoked under 28 USC §1254 (1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

United States Constitution, Article I, Section 8: Powers of Congress. Clause 8. The Congress shall have Power...

> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

17 USC §101. Definitions

As used in this title, the following terms and their variant forms mean the following:

...

> A "compilation" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship...

17 USC §102. Subject Matter of Copyright: In General

> (a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

> (1) literary works;
>
> (2) musical works, including any accompanying words;
>
> (3) dramatic works, including any accompanying music;
>
> (4) pantomimes and choreographic works;
>
> (5) pictorial, graphic, and sculptural works;
>
> (6) motion pictures and other audiovisual works; and
>
> (7) sound recordings.

> (b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

17 USC §103. Subject Matter of Copyright: Compilations and Derivative Works

> (a) The subject matter of copyright as specified by section 102 includes compilations and derivative works...
>
> (b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope,

duration, ownership, or subsistence of, any copyright protection in the preexisting material.

17 USC §107. Limitations on exclusive rights: Fair use

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

(1) the purpose and character of the use, including whether such use is a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

STATEMENT OF THE CASE

This case calls upon the Court to resolve a conflict among several circuits over the copyrightability and infringement of compilations, in particular the white pages of telephone directories published by the local telephone company as required by its telephone service franchise.

In 1976, Congress enacted an omnibus copyright law reform. [17 USC §101 et seq.] As part of that reform, Congress

provided illustrative categories of protectable subject matter [17 USC §102(a)], and, in certain cases, also provided definitions of that subject matter. [17 USC §101]. These definitions set forth Congress' intention regarding the standards for copyright protection for the defined categories. Elsewhere in the Copyright Act, Congress limited the scope of protection for certain categories of copyrighted works. In the case of compilations and derivative works, such limitations are embodied in 17 USC §103. Another limitation applicable to all works is the fair use doctrine codified in 17 USC §107.

The issue on which the courts are divided involves the nature of protection for compilations, in particular the white pages of telephone directories. The Tenth, Seventh, and Eighth Circuits have adopted an approach called the "sweat of the brow," under which copyright protection is accorded not on the basis of the compiler's expression ("selection, coordination, or arrangement" in the words of the statute), but rather on the basis of the compiler's labor and investment. The Second, Fifth, Ninth, and Eleventh Circuits have rejected this approach, concluding that copyright only extends to original works of authorship as defined in the Copyright Act, and does not encompass labor, investment, or facts *qua* facts.

The Tenth and Seventh Circuits have also erected a per se rule regarding fair use in compilation cases. Under this rule, where an individual or company wishes to publish a compilation, that individual or company may not assert a claim of fair use if the individual or company begins by consulting previously published compilations. This rule is not applied for other types of works, and has not been adopted by other circuits.

The dispute here concerns the copyrightability and infringement of white pages telephone listings published by respondent Rural Telephone Service Company, Inc. ("RTSC") for portions of an eleven county area in northwest Kansas as required by RTSC's telephone service franchise. As is typical, the white pages listings were published jointly with yellow pages advertising. Petitioner Feist Publications, Inc. ("Feist") is not affiliated with any telephone company, but is an independent company in the business of publishing combined

white and yellow pages directories. Feist's publication for northwest Kansas encompasses all fifteen counties in that area, including the portions of the eleven counties included in RTSC's directory. Both Feist and RTSC distribute their telephone directories for free. They compete vigorously for paid yellow pages advertising.

After Feist unsuccessfully attempted to obtain updated white pages listings by license directly from RTSC, Feist created its own directory after doing independent verification of the listings in RTSC's latest directory. RTSC sued for copyright infringement. Feist filed a counter-claim alleging that RTSC's refusal to license was an anti-trust violation under the "essential facilities" and/or "intent to monopolize" theory of Section 2 of the Sherman Act. The district court severed the anti-trust claim, which was later decided in Feist's favor.[1]

The copyright claim was heard on cross-motions for summary judgment. The district court, applying the "sweat of the brow" theory and a per se rule on fair use, ruled that RTSC's white pages listings were copyrightable and had been infringed. The Tenth Circuit affirmed in an unpublished opinion that adopted the reasoning of the district court.

Petitioner submits that the courts below erred in relying on the "sweat of the brow" theory and in using a per se rule on fair use. Petitioner submits that the nature and scope of protection for compilations, including RTSC's white pages listings, must be based on the current copyright statute, and that, when analyzed according to the criteria set forth in the statute, alphabetical listings of names, addresses, and telephone numbers do not meet the statutory requirements for copyright protection. Even if RTSC's work does meet the statutory requirements, Petitioner submits that its selective use of names, addresses, and telephone numbers from RTSC's work as a starting point in creating its own, different directory does not constitute infringement.

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1. See *Rural Telephone Service Company, Inc. v. Feist Publications, Inc.*, 737 F.Supp. 610 (D. Kan. 1990). RTSC has appealed.

A. Statement of Facts

1. The Parties and their Telephone Directories.

RTSC is a telephone company granted monopoly status by the state to provide telephone service to subscribers in designated areas of northwest Kansas. In conjunction with its provision of telephone service, RTSC compiles an annual telephone directory covering its telephone service area.[2] The telephone directory is a typical "telephone book" printed partly on white pages and partly on yellow pages. The portion printed on white pages lists in alphabetical order the names, addresses, and telephone numbers of RTSC's telephone subscribers. The yellow pages list businesses alphabetically by category and contain advertising.

Feist also publishes telephone directories containing white page listings of telephone subscribers and yellow page advertising. Feist, however, is an independent publisher, not a telephone company with a monopoly status. Feist does compete with RTSC and other telephone companies for yellow page advertising[3] in areas covered by its directories.

2. Feist's AREA-WIDE Concept.

Feist began business in 1977, in Spearville, Kansas. Spearville is a community of about 600 people in Ford County, Kansas. At the time Feist began business there were five towns within twenty miles of Spearville, with residents' telephone numbers listed in five different telephone directories. As a result, a phone subscriber in Spearville, Kansas, calling his county seat, Dodge City, had to consult a different telephone directory, if available, or dial the information operator since the two towns were serviced by different telephone companies. (J.A. 61).

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2. RTSC, as a telephone company monopoly, is required by State Regulatory Directive to issue a telephone directory each year. See May 1, 1967, Directive set forth in Appendix hereto, p. 1a, *infra*.

3. The yellow pages are not at issue in this case; each party sells and prepares its own yellow page advertising.

Feist introduced the AREA-WIDE concept in order to put all telephone subscribers in one trade area into one telephone directory so a consumer would have access to listing information (name, address, and telephone number) for his trade area without having to consult an additional telephone directory or the information operator (J.A. 72).

In northwest Kansas, there are eleven different telephone directories as evidenced by Exhibit K-1. (J.A. 72, Ex. K-1 is at J.A. 93. Each color represents a separate telephone directory). In accordance with Feist's AREA-WIDE concept, Feist's approach was to put the areas covered by those telephone directories together into one Northwest Kansas AREA-WIDE directory. Feist's Northwest Kansas AREA-WIDE Telephone Directory combines the entire fifteen county northwest Kansas trade area, including the area served by RTSC, into one combined directory. (Ex. K-1, J.A. 93). The AREA-WIDE directory is distributed free to consumers in northwest Kansas. Yellow page advertising sales finance the printing and distribution costs.

3. **Request for Listings.**

In order to publish an up to date telephone directory, Feist requested current white page listing information (name, address, and telephone number) from the various telephone companies serving the areas of northwest Kansas to be covered by the Feist AREA-WIDE directory. The telephone companies agreed, through license agreements to sell Feist a current list of their white page listings (name, address and telephone number) to be used by Feist in its directory.

Feist first requested such a license agreement from RTSC in April 1978. Feist explained that it wanted to establish an "AREA-WIDE" phone directory for northwest Kansas similar to the one it was publishing in southwest Kansas, and Feist furnished RTSC's directors with copies of its 1978 Southwest Kansas AREA-WIDE directory. (J.A. 55, 62, 73).

RTSC refused to enter into a license agreement with Feist. (J.A. 55, 62, 79). The other phone companies in northwest Kansas which Feist requested current listings from, did enter license agreements with Feist. (J.A. 73). [See Exhibit

K-1, J.A. 93, all colors except yellow (RTSC's area) executed licenses with Feist.]

4. **Independent Verification Process.**

Since RTSC refused to enter a license agreement for its current white page listings, Feist's only[4] other feasible alternative was to utilize the older published RTSC telephone directory as a source of listing information (name, address, and telephone number) and update from it. Feist edited the RTSC white page listings and removed those listings that were not located in the geographic area covered by the Feist AREA-WIDE directory. Once this was done, Feist sorted the remaining listings by town and alphabetized them.

Feist then sent the various lists, broken down by towns, to verifiers it had hired in each of the towns that Feist's directory would cover, with instructions to telephone each of the listings and to attempt to verify each name, address, and telephone number. After each verifier had carried out his or her instructions, the lists were sent back to Feist with pencilled in notes, reflecting deletions, additions, and other changes to be added to Feist's AREA-WIDE Directory. (J.A. 52-53).

To further update the RTSC directory listings, Feist also used post office mail verifications of subscribers (J.A. 52) and a numerical sequence phone sheet for verifiers to facilitate the finding of new (i.e., updated) telephone listings (J.A. 52). [The various documentary evidence was set forth for the trial judge in Exhibits C through N introduced and explained in the Transcript at J.A. 74-77.]

5. **Comparison of Directories.**

After this action was filed, Feist prepared a comparison of its 1983 Northwest Kansas AREA-WIDE telephone directory and RTSC's 1982-83 directory (the directories at issue in this case). Feist compared listings from those exchanges of RTSC's which Feist's directory covers as they appear, if at all,

4. Omitting the RTSC listings from Feist's Northwest Kansas AREA-Wide directory would have left an enormous "gap" in the center of the area. See Ex. K-1, J.A. 93, yellow area.

in RTSC's directory, and, if at all, in Feist's directory. (J.A. 54. The exhibit is Exhibit P).

Feist's 1983 Northwest Kansas AREA-WIDE telephone directory contains 46,878 alphabetized white page listings of telephone subscribers in all of northwest Kansas. RTSC's 1982-83 telephone directory contains approximately 7,700 alphabetized white page listings of telephone subscribers in RTSC's exchanges. Only 4,935 of these RTSC listings are from exchanges which are included in Feist's directory. Of the 4,935 overlapping listings 3,626 differ. There are also 164 new listings contained in Feist's directory which are not in RTSC's. Other differences include deleted outdated listings, spelling or other obvious errors, mailing address changes or additions, style, and format differences (J.A. 54, 77-78). The RTSC listings are not set out separately, but instead are interfiled at their appropriate alphabetical location with the other 40,000+ listings in the Feist AREA-WIDE directory.

RTSC inserted 28 fictitious listings in its 1980-81 directory, its 1981-82 directory and its 1982-83 directory. None of them appeared in the earlier Feist 1980, 1981 or 1982 Northwest Kansas AREA-WIDE telephone directories. Four of the 28 fictitious listings were accidently included in Feist's 1983 Northwest Kansas AREA-WIDE telephone directory (J.A. 53), after earlier drafts of the directory had weeded them out (J.A. 82).

6. **Feasibility of Independent Canvass.**

In preparing to publish its AREA-WIDE directory, Feist did not attempt a door to door canvass of all the residents of the fifteen counties in northwest Kansas covered by the Feist directory. (Ex. K-1). An independent canvass is neither economically nor physically possible. (J.A. 65-68, 71-72). There is simply no way to canvass over 46,000 telephone subscribers spread over 16,000 square miles in rural northwest Kansas and do it in a timely fashion. Without a license agreement for updated listings or access to RTSC's latest directory of white page listing information, Feist could not economically or feasibly compile its AREA-WIDE directory (J.A. 54-55).

In preparing to publish its directory, RTSC does not do a door to door canvass of its telephone service area either. (J.A. 89). Nor does it do any phone dialing survey before compiling its directory. (J.A. 90). Rather, it receives information automatically from subscribers. Phone customers come to RTSC for telephone service and "make application" to RTSC by providing their names and addresses. (J.A. 89). RTSC then assigns them a number and updates its records kept in computer data base form. That information becomes a white page listing—name, address, and telephone number—which RTSC maintains to identify the subscriber.

B. **Proceedings Below.**

In the proceedings below, Feist argued that the names, addresses, and phone numbers in RTSC's directory were not copyrightable subject matter, that Feist's use of that data as a starting point in preparing its own directory did not amount to copyright infringement; that there was no "outright" copying of RTSC's telephone directory and the presence of four "fictitious" listings from over 4,900 total listings was de minimis; that there was no "substantial similarity" between the two directories; that Feist's use of RTSC's telephone directory was a "fair use"; and that RTSC's refusal to license those white page listings after a reasonable request by Feist was an anti-trust violation amounting to "copyright misuse" preventing enforcement of its copyright.

RTSC argued that telephone directories had always been held to be copyrightable; that Feist could not use the RTSC directory in any way until Feist had first conducted its own independent canvass; and that "copyright misuse" had never been applied by the courts.

The district court held in favor of RTSC on the copyright claim. The court rejected Feist's argument that the white page listing information used by Feist was not copyrightable subject matter, and held that Feist's "fair use" defense was inapplicable since Feist had not first conducted its own independent canvass. The court also rejected the "misuse" defense.

The Tenth Circuit, in an unpublished opinion, affirmed for "substantially the reasons given by the district court."

SUMMARY OF ARGUMENT

A. Congress has statutorily defined the nature of copyright in compilations. RTSC's telephone directory white pages listings do not meet the defined statutory requirements for copyright protection. The court below ignored the statute and upheld copyright on the basis of an extra-statutory and outmoded theory of copyright as protecting labor.

The 1976 Copyright Act represents the culmination of a major legislative re-examination of the nature and scope of copyright law. As part of that re-examination, Congress defined which works were subject to copyright protection, and the limits of protection on the works it chose to protect. Compilations posed particularly difficult issues because of past confusion over protection for the compilation as a whole, and the lack of protection for the individual data that form the content of the compilation. In order to clarify the correct basis for and scope of protection in compilations, Congress enacted two complementary provisions. The first, found in section 101, provides a definition of "compilation":

> A "compilation" is a work formed by the collection and assembling of preexisting data *that* are selected, coordinated, or arranged in such a way *that* the resulting work as a whole constitutes an original work of authorship. 17 USC §101 (emphases added).

The emphases evidence Congress' intent that for a compilation to be protectable there are "three necessary *conjunctive* elements: (1) a collection and assembling of preexisting materials or data (2) that are then selected, coordinated, or arranged (3) into a work which by virtue of that selection, coordination, or arrangement may be said to be as a whole an

'original work of authorship'...This definition does not, however, encompass the mere collecting and assembling of data no matter how valuable the data may be." Patry, *Latman's The Copyright Law*, 63-64 (1986) (*"Patry"*).

RTSC's telephone directory white pages listings do not contain all three conjunctive elements. The listings do not evidence any selectivity. The white pages listings take the entire universe of data, and indeed, RTSC is required to publish all the data as part of its telephone service franchise. The listings also do not evidence any original coordination or arrangement, since they are merely alphabetical.

RTSC may not claim copyright in the underlying data since these are facts, precluded from protection under 17 USC §102 (b), and because 17 USC §103 (b), which complements the definition of compilation in 17 USC §101 clearly states that copyright in a compilation does not extend to such data.

B. Even if RTSC's telephone directory white pages listings are copyrightable as a whole, Feist has not infringed any copyrightable interest in the work as a whole.

Section 103(b) of the Copyright Act provides:

> The copyright in a compilation...extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

Assuming arguendo that RTSC's white pages telephone listings are copyrightable, this section makes clear that the only copyright interest RTSC can conceivably possess is its particular arrangement of those listings, since it is not the author of the names, addresses, and telephone numbers that comprise the listings. Feist has not copied that arrangement.

Indeed, Feist's white pages are substantially dissimilar from RTSC's. Feist's work is not, therefore, an infringement of RTSC's work. 1 M. & D. Nimmer, *Nimmer on Copyright*, §3.04 (1990) (*"Nimmer"*).

C. Due to its intensly factual nature, RTSC's telephone directory white pages merit less protection than other directories. Use by Feist of selected individual elements from RTSC's work without a prior independent canvass does not violate the fair use analysis.

The fair use doctrine, codified in 17 USC §107, is an equitable rule of reason. Congress, has, however, set forth four statutory factors that must be considered in each case. The court below erected a per se bar to fair use. Under this per se rule, a compiler may not refer to earlier compilations before first creating his or her compilation. This rule is not applied to any other type of work, even unpublished biographies, and results in the curious result that published telephone directories have a greater scope of protection than any other type of work. The per se rule, moreover, is in direct conflict with the statute, since it permits courts to bypass examination of the use under the required four statutory factors.

Examining Feist's use under those factors, Feist's work should be considered a fair use. There is no real commercial market for the white pages, which RTSC would be required to publish even if it had no copyright in those listings. The real dispute is over the market for yellow pages advertisers.

ARGUMENT

A. Congress has statutorily defined the nature of copyright in compilations. RTSC's telephone directory of white page listings does not meet the defined statutory requirements for copyright protection.

The starting point of our analysis is *not* a string cite to the earlier telephone directory cases as was done by both courts below and by Respondent on brief. The correct starting point is the statute itself. Copyright is not a common law doctrine, it exists *only* by virtue of the statute.

This statutory authority is granted by the Constitutional grant to Congress of the power "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries" (U.S. Constitution, Art. I, §8, Cl.8); i.e., "writings" of "authors." This Court has specifically recognized this in *Sony Corp v. Universal City Studios*, 464 U.S. 417, 429 (1984) (*"Sony"*):

> As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or to inventors in order to give the public appropriate access to their work product.

The 1976 Copyright Act represents "the culmination of a major legislative re-examination of copyright doctrine," *Harper & Row Pub., Inc. v. Nation Enterprises*, 471 U.S. 539, 522 (1985) (*"Harper & Row"*). The Act provides protection for "original works of authorship" [17 USC §102(a)], including compilations [17 USC §§101 and 103(a)]. The statute defines a compilation as:

> [A] work formed by the *collection* and *assembling* of preexisting materials or of data that are *selected, coordinated, or arranged* in such a way that the resulting work *as a whole* constitutes an *original work of authorship*. (17 USC §101, emphases added).

The requirements are threefold: (1) the "collection and assembling," of data (2) exhibiting sufficient "selection, coordination, or arrangement," of the data (3) so that as a result of the selection, coordination, or arrangement, the compilation "as a whole," constitutes an "original work of authorship." (See *Patry*, at 64).

The decisions below apply copyright law in a manner inconsistent with this statutory language. The lower courts

impermissibly utilize state law concepts of unfair competition law to extend copyright protection to labor as labor rather than authorship.

Under the lower courts' approach (known as the "sweat of the brow" theory) the investment of labor and effort is sufficient to warrant copyright protection for a compilation. This view has also been adopted by the Seventh and Eighth Circuits. [See *Rockford Map Publishers, Inc. v. Directory Service Co.*, 768 F.2d 145 (7th Cir. 1985), *cert. denied*, 474 U.S. 1061 (1986); *Hutchinson Telephone Co. v. Fronteer Directory Co.*, 770 F.2d 128 (8th Cir. 1985); *United Telephone Co. of Missouri v. Johnson Publishing Co., Inc.*, 855 F.2d 604 (8th Cir. 1988).]

The test has superficial appeal since we presumably are an industrious nation favorably inclined to reward labor and effort. For compilations, the test has been stated by the Seventh Circuit in *Rockford Map:*

> Everyone must do the same basic work, the same "industrious collection." "A subsequent compiler is bound to set about doing for himself what the first compiler has done." *Kelly v. Morris*, [1866] 1 Eq. 697, 701 (Wood, V.C.). The second compiler must assemble the material as if there had never been a first compilation; only then may the second compiler use the first as a check on error. (768 F.2d at 149).

However, this "sweat of the brow" theory has been rejected by the Second, Fifth, Ninth, and Eleventh Circuits. [See *Southern Bell Tel. & Tel. Co. v. Associated Tel. Dir. Publ.*, 756 F.2d 801, 809-10 (11th Cir. 1985); *Cooling Systems & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 491 (9th Cir. 1985); *Financial Information, Inc. v. Moody's Investors Service, Inc.*, 751 F.2d 501, 506 (2nd Cir. 1984); *Eckes v. Card Prices Update*, 736 F.2d 859, 862-63 (2nd Cir. 1984); *Miller v. Universal City Studios, Inc.*, 650 F.2d 1365, 1369-70 (5th Cir. 1981).] When the Ninth Circuit rejected its prior "sweat of the brow" test [*Leon v. Pacific Tel. & Tel. Co.*, 91 F.2d 484 (9th Cir. 1937) (*"Leon"*)], it quoted with favor from the Second Circuit's decision in *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2nd Cir. 1966):

> We...cannot subscribe to the view that an author is absolutely precluded from saving time and effort by referring to and relying upon prior published material...It is just such wasted effort that the proscription against the copyright of ideas and facts, and to a lesser extent the privilege of fair use, are designed to protect. [*Worth v. Selchow & Righter*, 827 F.2d 569, 574 (9th Cir. 1987)].

Most scholars have also criticized the "sweat of the brow" theory: e.g., "The discovery of a fact, regardless of the quantum of labor and expense is simply not the work of an author." *Nimmer*, §2.11[E]; "extending copyright protection to labor *qua* labor would violate the Constitution," *Patry*, p. 64. [See Patterson & Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 26 UCLA L. Rev. 719, at 772 fn. 184 (1989) for further additional authorities. (*"Patterson & Joyce"*).]

If the labor of the "collection and assembling of...data" itself were copyrightable, there would be a period after "data" in 17 USC §101. There is not. "Selection, coordination, or arrangement" to make the directory "as a whole" an "original work of authorship" is also required by the statute.

In essence, by requiring only the collection and assembling of data, the lower courts are granting indirect protection to facts, contrary to 17 USC §§102(b) and 103(b). This result has been criticized by the Second Circuit in *Financial Information, Inc. v. Moody's Investors Service, Inc.*, 808 F.2d 204, 207 (2nd Cir. 1986), *cert. denied*, 484 U.S. 820 (1987):

> The statute thus requires that copyrightability not be determined by the amount of effort the author expends, but rather by the nature of the final result. To grant copyright protection based merely on the "sweat of the author's brow" would risk putting large areas of factual research material off limits and threaten the public's unrestrained access to information[5].

5. RTSC has conceded that the names and addresses are uncopyrightable facts. R. Doc. 21, p. 11. "It should be made clear here that plaintiff's copyright does not extend to the individual names and addresses listed in its telephone directory, but rather to the compilation of the same."

See also *Miller v. Universal City Studios, Inc.*, 650 F.2d 1365, 1372 (5th Cir. 1981) (*"Miller"*) noting that the distinction between facts and expression of facts "cannot be maintained if research is held copyrightable."

Under the appropriate standard (..."selection, coordination, or arrangement" to constitute "as a whole" an "original work of authorship,"...) nothing Feist used from RTSC's directory is copyrightable. The RTSC white page listings data used by Feist involve no selection, coordination, or arrangement by RTSC within the meaning of the statute. It is information which RTSC automatically receives from all telephone subscribers when they sign up for or request changes in telephone service and when RTSC performs the clerical task of assigning a number. (J.A. 39). RTSC publishes *all* subscriber listings. The inclusion of the entire universe of data is certainly not "selection" within the meaning of the statute. The mere alphabetical listing also fails the "coordination or arrangement" prong. The additional procedures required for RTSC's directory, such as art work, layout, forward text, and all yellow page information are not at issue here and were not copied or used in any manner by Feist. RTSC's white page listings themselves are simply not copyrightable subject matter.

B. Even if RTSC's telephone directory white pages listings are copyrightable as a whole, Feist has not infringed any copyrightable interest in the work as a whole.

A second statutory requirement complements the definition of a compilation in §101, 17 USC §103(b):

> The copyright in a compilation...extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material...[17 USC §103(b)].

What is protected, therefore, is not the facts or data contained in the work, but rather only the "resulting work as

a whole" if it qualifies as an "original work of an author" under §101. The preexisting data, however, remains available to later compilers under §103(b).

Section 103(b) thus limits the scope of copyright protection for compilations to new original contributions by the author.[6]

The decisions below also apply copyright law in a manner inconsistent with this statutory language. Again, the lower courts impermissibly incorporate into the federal copyright infringement analysis state law concepts of unfair competition law and allow the copyright owner to prevent reasonable use of preexisting factual data. The effect of this "sweat of the brow" theory is to extend copyright protection to preexisting facts in direct violation of §§103(b) and 102 (b), again by focusing on industriousness and not authorship.

The decisions below go beyond the statutory grant contained in the copyright statute. For fact compilations, §103(b) requires that pre-existing facts (i.e., name, address, and number) be available to subsequent compilers in order to promote the public's access to information.

This is the point stressed by the late Professor Nimmer in discussing the line of cases commencing with *Leon*:

> The desire of the Courts in the line of cases above described [*Leon v. Pacific Tel.*] to protect the industriousness of the researcher is both understandable and in a sense commendable. It is submitted, however, that *these cases are incorrect in that they fail to apply the standard of originality as it is understood in the law of copyright*... Protection for the fruits of such research may in certain circumstances be available under a theory of unfair competition. But to accord copyright protection on this basis alone distorts basic copyright principles in that *it creates a monopoly in public domain materials* without the necessary justification of protecting and encouraging the creation of "writings" by "authors"... It is to be hoped that the courts

6. The same rule applies to derivative works as was set forth by this Court earlier this year in *Stewart v. Abend*, 495 U.S._____, 109 L.Ed.2d 184, 110 S. Ct. 1750 (1990).

in construing Section 103(b) of the current Copyright Act will avoid the error of the above line of cases. [*Nimmer*, §3.04, (1990) footnotes omitted; emphases added.]

Nimmer is not the only scholar to criticize *Leon*. See Gorman, *Fact or Fancy? The Implications for Copyright*, 29 J. Copyright Soc. 560, 573 (1982) (*"Gorman"*); *Patterson & Joyce*, at 775. The Ninth Circuit itself has rejected its *Leon* reasoning, "to the extent that *Leon* suggests that research or labor is protectable." *Worth v. Selchow & Righter Co.*, 827 F.2d 569, 573 (9th Cir. 1987).

The statute, and this Court (*Harper & Row*, at 548) also recognize that even where a collection of facts meets the standards of originality and authorship necessary to constitute a copyrightable compilation, the facts themselves contained in the work remain in the public domain, free for others to copy. [17 USC §102; *Miller v. Universal City Studios, Inc.*, *supra.*]

This is a fundamental principle of copyright law that facts cannot be copyrighted. *Nimmer*, §2.11[A]:

> [N]o author may copyright facts or ideas. §102. The copyright is limited to those aspects of the work—termed "expression"— that display the stamp of the author's originality. *Harper & Row*, at 547.

Copyright is limited to works of authorship, of the author's creation. While facts may be discovered by an author, he may not claim that they are original with him. "Thus, since facts do not owe their origin to any individual, *they may not be copyrighted and are part of the public domain available to every person.*" [*Miller, supra*, 650 F.2d at 1368.]

The Committee Reports to the 1976 Act make the same point:

> Copyright does not preclude others from using the ideas or information revealed by the author's work. It pertains to the literary, musical, graphic or artistic form in which the author expressed his intellectual concepts. S. Rep. No. 94-473, p. 54

(1975) and H.R. Rep. No. 94-1476, pp. 56-57. See also *Harper & Row, supra*, 471 U.S. at 548.

The Eleventh Circuit has explained specifically with regard to telephone directories that:

> [A] telephone directory compilation whose components are comprised exclusively of information in the public domain can be protected by copyright laws only as to the selection and arrangement of the compilation, the work as a whole, and not as to the pre-existing information. [*Southern Bell Tel. & Tel. Co. v. Associated Tel. Directory Publishers*, 756 F.2d 801, 810 (11th Cir. 1985) (*"Southern Bell Tel."*)]

Accordingly, "the mere use of the information contained in the directory without a substantial copying of the format does not constitute infringement..." (*Southern Bell Tel., supra.*, 756 F.2d at 810, citing *Miller, supra.*)[7]

As stated by this Court:

> Use of copyrighted material not in conflict with a right secured by [the statute], however, no matter how widespread, is not copyright infringement. The fundamental [is] that "use" is not the same thing as "infringement," that use short of infringement is to be encouraged... *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*, 415 US 394, 398 n. 2 (1974).

See also *Sony, supra.*, at 447:

> Even unauthorized uses of a copyrighted work are not necessarily infringing. An unlicensed use of the copyright is not an infringement unless it conflicts with one of the specific exclusive rights conferred by the copyright statute.

The scope of protection for a compilation is statutorily confined to the *new* elements of original authorship contributed by the compiler; it does not extend to "preexisting"

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7. The defendant in *Southern Bell Tel.* was held liable because, unlike Feist, it had copied *verbatim* entire sections of plaintiff's work, including art work and layout from the yellow pages, and had used photocopies of plaintiff's work to mislead potential customers in sale solicitations. See *Southern Bell Tel.* at pages 804, 811.

material [17 USC §103(b)]. Copying from a copyrighted work of material that is not itself copyrightable, no matter how extensive, does not constitute an infringement. (*Nimmer*, §§8.01[D], 13.03[B][2][b]; *Patry*, 197).

The name, address, and telephone number of an individual as it appears in the RTSC telephone directory is a fact, it is not a protected expression of copyrightable subject matter, and therefore, its use cannot constitute infringement as a matter of law. The only copyrightable interest RTSC can conceivably possess in the white page listings is in the exact arrangement of those listings "as a whole." Feist did not copy the exact arrangement of the RTSC pages or RTSC's overall compilation. Feist's overall compilation, the listings themselves and the overall selection, coordination, and arrangement of listings for the entire northwest Kansas area substantially differ from RTSC's. Feist's work is not, therefore, an infringement of RTSC's work.

C. Due to its intensely factual nature, RTSC's telephone directory white pages merit less protection than other directories. Use by Feist of selected individual elements from RTSC's work without a prior independent canvass does not violate the fair use analysis.

When tested against the statutory requirements of §§101 and 103(b) [see Arguments A and B, *supra*] Feist's position prevails. Due to its intensely factual nature, RTSC's telephone directory white pages merit the thinnest of protection (if any) as compared to other compilations because of what it is—an alphabetical list of phone subscribers. Even if there were any "original" contribution, it would be minimal.

Because of RTSC's monopoly position as the local telephone service company, RTSC obtains names and addresses provided by subscribers in order to obtain telephone service. RTSC arbitrarily assigns telephone numbers to those subscribers based on their area code, exchange, and a random clerical assignment procedure. This unique control by RTSC

of the phone subscriber information (name, address, and telephone number) which it gets not by "sweat of the brow," but as a by-product of its telephone service monopoly further distinguishes this case from other general directory cases, whether protection is based on "selection, coordination, or arrangement," or "sweat of the brow."

This practical unavailability from any other source and the intensely factual nature of a telephone directory call for further consideration of Feist's "fair use" defense[8] in order to properly instruct the courts below.

The approach taken by the courts below denying fair use is inexorably intertwined with their theory on copyrightability. Under the "sweat of the brow" theory, *any* appropriation is deemed "unfair." This approach is contrary to the statute, and has been strongly criticized by commentators. See Patry, *The Fair Use Privilege in Copyright Law*, 475-479 (1985).

The opinions below erect a per se bar to fair use. Under this absolute rule, and as argued by respondent in brief, a compiler may not refer to earlier compilations before first creating his or her own compilation by an independent canvass.

In actual practice, neither RTSC nor anyone else gathers telephone subscriber information through independent canvasses. No one walks the streets, knocking on doors; no one drives the rural country roads calling on farmers; no one searches out mobile telephones by an independent canvass; and no one can. There is simply no way to canvass over 46,000 telephone subscribers spread over 16,000 square miles in rural northwest Kansas (J.A. 65-67, 71-72, 89-90.)

Fair use does not require a prior independent canvass as the lower courts held. The fair use doctrine does not even apply unless what was used was copyrightable [See Argument A, *supra*] and the use itself was an infringement [See Argument B, *supra*]. Even if we assume arguendo that the facts used were copyrightable and the use was an infringement,

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8. Although "fair use" was not argued in the cert petition or question presented, it was argued by RTSC in its brief in opposition and, therefore, remains part of the case. The court below also intertwines fair use into the "sweat of the brow" theory with its prior independent canvass requirement.

the use was still fair use when analyzed in terms of the statute and not in terms of the extra-statutory per se independent canvassing requirement.

The statutory factors to consider are:

1. **The Nature and Purpose of the Use.**

While every commercial use of a copyrighted work is presumptively unfair, *Sony Corp.*, at 451, this presumption is rebuttable. (*Nimmer* §13.05[A]).The real dispute in this case is not over commercial use of the white pages, but rather over yellow page advertisers. "The commercial nature of a use is a matter of degree, not an absolute..." *Maxtone Graham v. Burtchaell,* 803 F.2d 1253, 1262 (2nd Cir. 1986), *cert. denied,* 481 U.S. 1059 (1987).

2. **The Nature of the Copyrighted Work.**

As a fact compilation, RTSC's directory has the thinnest copyright protection (if any), with the result that it may be used more freely than other types of works. The practical unavailability of this factual material in question (listing information) from any other source is another consideration favoring fair use. See S. Rep. No. 94-473, 94th Cong., 1st Sess., p. 64 (1975).

An appropriate illustration of this factor of the "fair use" doctrine is *New York Times Co. v. Roxbury Data Interface, Inc.*, 434 F.Supp. 217 (D. N.J. 1977), where the court noted specifically that plaintiff's publication was more in the nature of a collection of facts rather than a creative or imaginative work:

> Since the [plaintiff's publication] is a work more of diligence than of originality or inventiveness, defendants have greater license to use portions of the [plaintiff's publication] under the fair use doctrine than they would have if a creative work had been involved. (434 F.Supp. at 221).

See also *Dow Jones & Co. v. Board of Trade,* 546 F.Supp. 113 (S.D. N.Y. 1982) at 120 ("...compilations of factual material...should be most conducive to fair use. Authors of compilations, therefore, must be held to grant broader licenses for subsequent use than persons whose work is truly creative.")

Similarly here, RTSC's directory is not a creative one of originality or inventiveness. RTSC simply lists the telephone numbers it has assigned to customers.

3. **The Amount and Substantiality of the Use.**

Feist has not taken any protected material from RTSC's directory. Even if this Court determines that some portion of the material used is subject to copyright, Feist's use would not exceed that permitted under this factor for fact intensive works such as RTSC's. Feist did not copy RTSC's selection, coordination, or arrangement.

In gauging the amount and substantiality of the taking, it is also well established that the need of the defendant to use the plaintiff's material strongly militates in favor of a finding of fair use. See *Rosemont Enterprises v. Random House, Inc.*, 366 F.2d 303, 307 (2nd Cir. 1966), *cert. denied,* 385 U.S. 1009 (1967). With RTSC's unique control of listing information, the need for Feist to have access to that information is evident.

4. **Market Impact.**

The fourth fair use factor is "undoubtedly the single most important element of fair use." *Harper & Row*, at 566. The market that must be looked to, though, is the market for the copyrighted material. There is no market for the white page listings, which are required to be produced as part of RTSC's telephone service franchise.[9] The absence of copyright or a finding of fair use would not impair RTSC's market, nor would there be any disincentive to create the work. To the contrary, it is independent publishers such as Feist, who perform a valuable public service by compiling a directory for rural areas, who will be discouraged from creating those directories. As noted by the First Circuit in *Morrisey v.*

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9. Feist did seek a license from RTSC for updated listings. One could argue that the price of the license constitutes a potential market. Of course, RTSC foreclosed that market by refusing to license.

Proctor & Gamble Co., 379 F.2d 675, 679 (1st Cir. 1967): "We cannot recognize copyright as a game of chess in which the public can be checkmated."

Feist's use of selected data from RTSC's white page listings did not harm the market for RTSC's white pages compilation.

CONCLUSION

Congress did not intend that you have to be the local phone company to produce a telephone directory. Feist had an idea for a better product for consumers. Feist brought those ideas and innovations [R.Tr., pp. 60-62; Ex. Y-1] to the consumers of northwest Kansas. That type of competition and innovation, by Feist and other independent entrepreneurs, should be encouraged by this Court, not eliminated under the lower courts' misguided and extra-statutory notions of unfair competition. Indeed, if the decisions below stand, they will prevent Feist from implementing its ideas and innovations and will effectively stifle exactly the creativity copyright law was designed to promote. The decisions below should be reversed and judgment entered for Feist.

Respectfully submitted,

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APPENDIX

STATE CORPORATION COMMISSION
OF KANSAS

DIRECTIVE

May 1, 1967

SUBJECT: Issuance of
Telephone Directories

TO ALL TELEPHONE COMPANIES:

Commission Conference was held on April 27, 1967 and it was determined that all telephone companies operating in the State of Kansas issue at least annually a dated telephone directory.

Yours very truly,
STATE CORPORATION COMMISSION
/s/ Lloyd W. Shank
Lloyd W. Shank
DIRECTOR AND ACTING CHIEF ENGINEER